

IOWA CENTRAL COMMUNITY COLLEGE

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	<u>Exhibit</u>
Statement of Net Assets	A 11-12
Statement of Revenues, Expenses and Changes in Net Assets	B 13-14
Statement of Cash Flows	C 15-16
Notes to Financial Statements	17-32
Required Supplementary Information:	
Budgetary Comparison Schedule of Expenditures – Budget and Actual	33
Note to Required Supplementary Information – Budgetary Reporting	34
Supplementary Information:	<u>Schedule</u>
Balance Sheet – All Funds	1 35-36
Schedule of Revenues, Expenditures and Changes in Fund Balance – All Funds	2 37-38
Unrestricted Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Education and Support	3 39-40
Schedule of Revenues, Expenditures and Changes in Fund Balances – Auxiliary Enterprises	4 41
Schedule of Revenues, Expenditures and Changes in Fund Balances – Restricted Fund	5 42-43
Schedule of Changes in Deposits Held in Custody for Others	6 44
Schedule of Credit and Contact Hours	7 45
Schedule of Tax and Intergovernmental Revenues	8 46
Schedule of Current Fund Revenues by Source and Expenditures by Function	9 47
Schedule of Expenditures of Federal Awards	10 48-50
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	51-52
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	53-54
Schedule of Findings and Questioned Costs	55-57

OFFICIALS

Name	Title	Term Expires
-------------	--------------	---------------------

Board of Directors *(Before September 2004 Election)*

Mark Crimmins	President	2006
Dr. John Hodges	Vice President	2005
Thomas Chelesvig	Member	2005
Garland Hanson	Member	2006
Dr. Deborah Plahn	Member	2004
H. Jean Lehman	Member	2004
Connie Smith	Member	2005
Douglas McDermott	Member	2004
Larry Hecht	Member	2006

Board of Directors *(After September 2004 Election)*

Mark Crimmins	President	2006
Dr. John Hodges	Vice President	2005
Thomas Chelesvig	Member	2005
Garland Hanson	Member	2006
Dr. Deborah Plahn	Member	2007
Darrell Determann	Member	2007
Connie Smith	Member	2005
Douglas McDermott	Member	2007
Larry Hecht	Member	2006

Community College

Dr. Robert Paxton	President
Thomas Beneke	Vice President
David Grosland	Associate Vice President
James Kersten	Associate Vice President
Marlene McComas	Vice President
Karen Lombard	Board Secretary/Treasurer

IOWA CENTRAL COMMUNITY COLLEGE



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa 50501

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2005, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Central Community College and its discretely presented component unit at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2005 on our consideration of Iowa Central Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 33 through 34, respectively, are not required parts of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Central Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 28, 2005

IOWA CENTRAL COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Central Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- College operating revenues increased in FY05. Tuition revenue increased due to the increase in the tuition rate per credit hour and due to the increase in enrolled credit hours. Auxiliary enterprises revenues increased due to the increase in bookstore sales, the increase in the number of students in College housing, the increase in the College self-funded employee health plan reserve, and the sale of a student-constructed house. Plant fund revenue increased due to the receipt of federal funds for the construction of a parking ramp.
- College operating expenses increased in FY05 due to salary and benefit increases and the increase in part-time salaries because of the increase in student enrollment, the increase in materials and supplies and travel, and capital expenditures for vehicles. Older buildings and the deferral of maintenance and repair of buildings over the years continues to cause higher physical facility expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year, and Supplementary Information provides detailed information about the individual funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	Net Assets	
	June 30,	
	2005	2004
Current and other assets	\$ 23,110,943	\$ 22,448,486
Capital assets, net of accumulated depreciation	28,126,390	24,454,075
Total assets	51,237,333	46,902,561
Current liabilities	13,056,230	11,712,438
Noncurrent liabilities	20,555,608	19,317,021
Total liabilities	33,611,838	31,029,459
Net assets:		
Invested in capital assets, net of related debt	13,490,782	10,967,054
Restricted	398,490	842,665
Unrestricted	3,736,223	4,063,383
Total net assets	\$ 17,625,495	\$ 15,873,102

The largest portion of the College's net assets (76%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (2%) includes resources that are subject to external restrictions. The remaining net assets (22%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Statement of Revenues, Expenses and Changes in Net Assets (Continued)

In general, a public college such as Iowa Central Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets		Year ended June 30	
		2005	2004
Operating revenue:			
Tuition and fees	\$	9,328,856	\$ 7,939,107
Federal appropriations		6,420,694	6,253,707
Iowa Industrial New Jobs Training Program		2,446,804	2,178,176
Auxiliary		6,409,864	5,986,107
Sales and services		988,594	1,087,769
Miscellaneous		208,799	123,963
Total operating revenue		25,803,611	23,568,829
Total operating expenses		35,313,527	34,712,859
Operating loss		(9,509,916)	(11,144,030)
Nonoperating revenues (expenses):			
State appropriations		8,436,420	8,146,823
Property tax		3,716,759	3,667,753
Interest income on investments		433,596	225,028
Loss on sale of capital assets		(92,913)	(14,020)
Interest on indebtedness		(1,231,553)	(1,137,739)
Net nonoperating revenues (expenses)		11,262,309	10,887,845
Increase (decrease) in net assets		1,752,393	(256,185)
Net assets beginning of year		15,873,102	16,129,287
Net assets end of year	\$	17,625,495	\$ 15,873,102

The Statement of Revenues, Expenses and Changes in Net Assets reflects an increase in the net assets at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Total Revenue by Source

In fiscal year 2005, operating revenues increased as a result of the following:

- Tuition and fees increased due to the increase in enrollment and the tuition rate increased from \$81 per credit hour in FY04 to \$87 per credit hour in FY05.
- Auxiliary enterprises revenue increased due to the enrollment increase and the resulting increase in bookstore sales, the increase in students in College housing, and the increase in premium dollars in the College self-funded employee health plan.
- Plant fund revenue increased due to the receipt of federal funds for the construction of a parking ramp.

Operating Expenses

	Year ended June 30	
	2005	2004
Education and support:		
Liberal arts and sciences	\$ 4,301,162	\$ 4,238,951
Vocational technical	3,027,694	4,495,656
Adult education	2,289,677	2,197,647
Cooperative services	2,805,346	2,383,964
Administration	1,268,837	1,328,033
Student services	3,107,319	2,925,813
Learning resources	327,582	313,242
Physical plant	2,744,211	2,293,385
General institution	5,246,447	4,996,683
Auxiliary enterprises	4,879,775	5,327,782
Scholarships and grants	1,765,620	1,623,945
Workforce Investment Act	420,187	545,466
Administrative and collection costs	2,041,631	996,637
Depreciation	1,088,039	1,045,655
Total	\$ 35,313,527	\$ 34,712,859

Total Expenses

In fiscal year 2005, operating expenses increased as a result of the following:

- Moderate salary and benefit increases.
- Additional part-time salaries due to increased student enrollment.
- Additional maintenance and increased utility costs due to expansion of facilities and continued costly maintenance and repair of aging facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Total Expenses (Continued)

- Increase in medical and dental payments in the College self-funded employee health plan.

Statement of Cash Flows

A statement included in Iowa Central Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	Year ended June 30	
	2005	2004
Cash provided (used) by:		
Operating activities	\$ (8,807,406)	\$ (8,731,906)
Non-capital financing activities	12,044,890	12,251,644
Capital and related financing activities	(4,318,377)	(302,836)
Investing activities	433,596	225,028
Net increase (decrease) in cash	(647,297)	3,441,930
Cash beginning of year	12,350,689	8,908,759
Cash end of year	<u>\$ 11,703,392</u>	<u>\$ 12,350,689</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property tax received by the College. Cash used by capital and related financing activities represents the principal payments of debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

At June 30, 2005, the College had approximately \$28 million invested in capital assets, net of accumulated depreciation of \$12.5 million. Depreciation charges totaled \$1,088,039 for FY05. Details of the capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30,	
	2005	2004
Land	\$ 1,082,616	\$ 882,616
Buildings	21,757,674	18,043,386
Construction in progress	2,120,692	2,060,718
Improvements other than buildings	1,869,100	1,965,198
Equipment and vehicles	1,296,308	1,502,157
	\$ 28,126,390	\$ 24,454,075

Major capital expenditures for fiscal year ending June 30, 2005, included completion of Student Residence Apartment Building #10 and the construction of the Workforce Development Center Building.

Planned capital expenditures for the fiscal year ending June 30, 2006, and beyond include completion of construction of Student Residence Apartment Building #11, construction of Student Residence Apartment Building #12, remodeling current facilities for a Dental Hygiene Program, completion of the construction of the parking ramp, the acquisition of off-campus land and building for the Transportation Training Center and the construction of a Biotechnology and Health Sciences Center.

More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2005, the College had approximately \$23.5 million in debt outstanding, an increase of \$1,618,587 from fiscal year 2004. The table below summarizes these amounts by type.

Outstanding Debt

	June 30,	
	2005	2004
Certificates payable	\$ 8,825,000	\$ 8,355,000
Capital loan notes payable	5,560,000	6,065,000
Bonds payable	9,075,608	7,422,021
	\$ 23,460,608	\$ 21,842,021

More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS

Iowa Central Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- State aid for the fiscal year 2006 was increased 8 percent above the amount received in fiscal year 2005. However, because of cuts in state aid in FY02 and FY04, state aid for fiscal year 2006 will still be just slightly more than the state aid received in fiscal year 2001. Inequitable distribution of state general aid among the community colleges is a major concern.
- Expenses will continue to increase. As the number of students increases, the costs associated with serving them continue to increase.
- The College will expand distance learning opportunities in FY06 and beyond by offering, initially, the Computer Networking Technology Program online through a unique partnership between the College, a public community college, and University of Phoenix, a private university.
- Aging facilities at the College require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.
- Property tax revenue had decreased in 2004-2005 due to a 15 percent reduction in farmland valuation. Property tax revenue for 2005-2006 will increase less than 1/10th of a percent.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Central Community College, 330 Avenue M, Fort Dodge, IA 50501.

IOWA CENTRAL COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

IOWA CENTRAL COMMUNITY COLLEGE

Exhibit A

STATEMENT OF NET ASSETS

June 30, 2005

ASSETS	Primary Government	Component Unit
Current assets:		
Cash and pooled investments	\$ 11,703,392	\$ 1,338,051
Receivables:		
Accounts	774,552	-
Accrued interest	-	6,226
Property tax:		
Succeeding year	4,333,939	-
Iowa Industrial New Jobs Training Program	2,163,605	-
Due from Iowa Central Community College Foundation	188,093	-
Due from other governments	1,112,646	-
Inventories	497,251	-
Prepaid expenses	126,353	-
Total current assets	20,899,831	1,344,277
Noncurrent assets:		
Cash and pooled investments	-	-
Receivables:		
Iowa Industrial New Jobs Training Program	2,211,112	-
Capital assets, net of accumulated depreciation	28,126,390	54,000
Total noncurrent assets	30,337,502	54,000
Total assets	51,237,333	1,398,277

IOWA CENTRAL COMMUNITY COLLEGE

**Exhibit A
(Continued)**

**STATEMENT OF NET ASSETS
June 30, 2005**

LIABILITIES	Primary Government	Component Unit
Current liabilities		
Accounts payable	436,831	-
Salaries and benefits payable	1,219,307	-
Due to Iowa Central Community College	-	188,093
Interest payable	91,261	-
Deferred revenue:		
Succeeding year property tax	4,333,939	-
Other	2,929,457	-
Compensated absences	256,165	-
Deposits held in custody for others	884,270	-
Certificates payable	1,955,000	-
Capital loan notes payable	530,000	-
Bonds payable	420,000	-
Total current liabilities	13,056,230	188,093
Noncurrent liabilities:		
Certificates payable	6,870,000	-
Capital loan notes payable	5,030,000	-
Bonds payable	8,655,608	-
Total noncurrent liabilities	20,555,608	-
Total liabilities	33,611,838	188,093
Net assets		
Invested in capital assets, net of related debt	13,490,782	54,000
Restricted:		
Nonexpendable:		
Scholarships and fellowships	-	1,150,767
Expendable:		
Scholarships and fellowships	(696)	24,453
Loans	3,620	-
Cash reserve	319,603	-
Other	75,963	-
Unrestricted	3,736,223	(19,036)
Total net assets	\$ 17,625,495	\$ 1,210,184

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2005

	Primary Government	Component Unit
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$1,865,377	\$ 9,328,856	\$ -
Federal appropriations	6,420,694	-
Iowa Industrial New Jobs Training Program	2,446,804	-
Auxiliary enterprises revenue, net of scholarship allowances of \$543,068	6,409,864	-
Sales and services	988,594	275
Farm income	-	166,400
Miscellaneous	208,799	19,130
Contributions and pledges	-	74,295
Total operating revenues	25,803,611	260,100
Operating expenses:		
Education and support:		
Liberal arts and science	4,301,162	-
Vocational technical	3,027,694	-
Adult education	2,289,677	-
Cooperative services	2,805,346	-
Administration	1,268,837	-
Student services	3,107,319	-
Learning resources	327,582	-
Physical plant	2,744,211	-
General institution	5,246,447	-
Auxiliary enterprises	4,879,775	-
Scholarships and grants	1,765,620	142,165
Workforce Investment Act	420,187	-
Administrative and collection costs	2,041,631	-
Depreciation	1,088,039	-
Farm expenses	-	130,474
Management and general expenses	-	13,825
Total operating expenses	35,313,527	286,464
Operating loss	\$ (9,509,916)	\$ (26,364)

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

**Exhibit B
(Continued)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2005**

	Primary Government	Component Unit
Nonoperating revenues (expenses):		
State appropriations	\$ 8,436,420	\$ -
Property tax	3,716,759	-
Interest income from investments	433,596	53,819
Loss on sale of capital assets	(92,913)	-
Interest on indebtedness	(1,231,553)	-
Realized and unrealized (loss) on investments	<u>-</u>	<u>64,642</u>
Net nonoperating revenues	<u>11,262,309</u>	<u>118,461</u>
Change in net assets	1,752,393	92,097
Net assets beginning of year	<u>15,873,102</u>	<u>1,118,087</u>
Net assets end of year	<u><u>\$ 17,625,495</u></u>	<u><u>\$ 1,210,184</u></u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2005

Cash Flows from Operating Activities:	
Tuition and fees	\$ 9,328,856
Federal appropriations	5,690,201
Iowa Industrial New Jobs Training Program	2,438,089
Payments to employees for salaries and benefits	(18,106,713)
Payments to suppliers for goods and services	(12,345,440)
Payments to NJTP recipients	(1,820,653)
Scholarships	(1,765,620)
Auxiliary enterprise receipts	6,409,864
Other receipts	<u>1,364,010</u>
Net cash used by operating activities	<u>(8,807,406)</u>
Cash Flows from Non-Capital Financing Activities:	
State appropriations	8,436,420
Property tax	3,716,759
Agency Fund receipts	1,750,797
Agency Fund disbursements	(1,711,230)
Interest paid on debt	(617,856)
Proceeds from issuance of debt	2,185,000
Principal paid on debt	<u>(1,715,000)</u>
Net cash provided by non-capital financing activities	<u>12,044,890</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(4,853,267)
Interest paid on debt	(613,697)
Proceeds from issuance of debt	2,000,000
Principal paid on debt	<u>(851,413)</u>
Net cash used by capital and related financing activities	<u>(4,318,377)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>433,596</u>
Net decrease in cash	<u>(647,297)</u>

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE**Exhibit C
(Continued)****STATEMENT OF CASH FLOWS
Year Ended June 30, 2005**

Net decrease in cash	\$ (647,297)
Cash beginning of year	<u>12,350,689</u>
Cash end of year	<u><u>\$ 11,703,392</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (9,509,916)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,088,039
Changes in assets and liabilities:	
Increase in accounts receivable	(253,831)
Increase in NJTP receivable	(8,715)
Increase in due from other governments	(730,493)
Decrease in inventories	275,213
Decrease in prepaid expenses	10,978
Increase in accounts payable	8,295
Decrease in salaries payable	(105,064)
Increase in interest payable	9,130
Increase in deferred revenue	420,448
Decrease in compensated absences	<u>(11,490)</u>
Total adjustments	<u>702,510</u>
Net cash used by operating activities	<u><u>\$ (8,807,406)</u></u>

See Notes to Financial Statements.

IOWA CENTRAL COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Iowa Central Community College is a publicly supported school established and operated by Merged Area V under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Central Community College maintains campuses in Fort Dodge, Webster City, Eagle Grove and Storm Lake, Iowa, and has its administrative offices in Fort Dodge. Iowa Central Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area V.

A. Reporting Entity

For financial reporting purposes, Iowa Central Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Community College.

These financial statements present Iowa Central Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College. Certain disclosures about the component unit are not included because the component units have been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Iowa Central Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Iowa Central Community College. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Iowa Central Community College.

B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Restricted Net Assets:

Nonexpendable – Net assets subject to externally-imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

Expendable – Net assets whose use by the College is subject to externally – imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally-imposed situations. Examples include: Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Supplementary Information

The supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. For reporting purposes, funds that have similar characteristics have been combined into fund groups. The various fund groups and their designated purposes are as follows:

Current Funds – The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Supplementary Information (Continued)

Current Funds (Continued):

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

D. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash and, at the day of purchase, they have a maturity date not longer than three months.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2005 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements	\$ 5,000
Equipment and vehicles	5,000

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	25-50
Equipment and vehicles	5-10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2005.

Auxiliary Enterprise Revenues – Auxiliary Enterprise revenues primarily represent revenues generated by the bookstore, food service, word processing, central stores and athletics.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, property tax and interest income.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Note 2. Cash and Pooled Investments

The College's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Note 3. Inventories

The College's inventories at June 30, 2005 are as follows:

Type	Amount
Merchandise held for resale	<u>\$ 497,251</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 882,616	\$ 200,000	\$ -	\$ 1,082,616
Construction in progress	2,060,718	59,974	-	2,120,692
Total capital assets not being depreciated	2,943,334	259,974	-	3,203,308
Capital assets being depreciated:				
Buildings	25,554,889	4,361,017	353,943	29,561,963
Improvements other than buildings	2,402,440	-	-	2,402,440
Equipment and vehicles	5,238,290	232,276	-	5,470,566
Total capital assets being depreciated	33,195,619	4,593,293	353,943	37,434,969
Less accumulated depreciation for:				
Buildings	7,511,503	553,816	261,030	7,804,289
Improvements other than buildings	437,242	96,098	-	533,340
Equipment and vehicles	3,736,133	438,125	-	4,174,258
Total accumulated depreciation	11,684,878	1,088,039	261,030	12,511,887
Total capital assets being depreciated, net	21,510,741	3,505,254	92,913	24,923,082
Capital assets, net	\$ 24,454,075	\$ 3,765,228	\$ 92,913	\$ 28,126,390

Furniture and equipment of \$55,859 are restricted for the Workforce Investment Act.

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2005 is as follows:

	Certificates Payable	Capital Loan Notes Payable	Bonds Payable	Total
Balance, beginning of year	\$ 8,355,000	\$ 6,065,000	\$ 7,422,021	\$ 21,842,021
Additions	2,185,000	-	2,000,000	4,185,000
Reductions	1,715,000	505,000	350,000	2,570,000
Plus: accretion of discounts on	-	-	3,587	3,587
Balance, end of year	\$ 8,825,000	\$ 5,560,000	\$ 9,075,608	\$ 23,460,608

Certificates Payable:

In accordance with agreements dated between June 1, 1995 and July 1, 2004, the College issued certificates totaling \$20,310,000 with interest rates ranging from 3.00% to 8.00%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2006	\$ 1,955,000	\$ 533,778	\$ 2,488,778
2007	1,755,000	425,778	2,180,778
2008	1,645,000	317,022	1,962,022
2009	1,005,000	212,904	1,217,904
2010	765,000	148,566	913,566
2011-2012	1,700,000	223,518	1,923,518
Total	\$ 8,825,000	\$ 1,861,566	\$ 10,686,566

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Capital Loan Notes Payable:

The College has issued notes for the purchase and construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2005 capital loan notes payable indebtedness are as follows:

	Note Issuance of July 1, 2000			
	Interest			
Year Ending June 30,	Rate	Principal	Interest	Total
2006	5.60%	\$ 90,000	\$ 65,403	\$ 155,403
2007	5.60	95,000	60,728	155,728
2008	5.65	100,000	55,688	155,688
2009	5.75	105,000	44,718	149,718
2010-2013	5.85-6.05	500,000	112,458	612,458
2014	6.10	145,000	8,845	153,845
		\$ 1,035,000	\$ 347,840	\$ 1,382,840

	Note Issuance of October 1, 2001			
	Interest			
Year Ending June 30,	Rate	Principal	Interest	Total
2006	3.65%	\$ 110,000	\$ 49,068	\$ 159,068
2007	3.80	110,000	45,053	155,053
2008	3.90	115,000	40,873	155,873
2009	4.00	120,000	36,388	156,388
2010-2013	4.20-4.60	550,000	91,925	641,925
2014	4.70	155,000	7,285	162,285
		\$ 1,160,000	\$ 270,592	\$ 1,430,592

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Capital Loan Notes Payable (Continued):

Year Ending June 30,	Note Issuance of July 1, 2003			
	Interest	Principal	Interest	Total
2006	2.00%	\$ 220,000	\$ 68,588	\$ 288,588
2007	2.35	225,000	64,188	289,188
2008	2.70	230,000	58,900	288,900
2009	2.90	240,000	52,690	292,690
2010-2013	3.10-3.60	1,040,000	134,030	1,174,030
2014-2017	3.70	285,000	10,545	295,545
Total		\$ 2,240,000	\$ 388,941	\$ 2,628,941

Year Ending June 30,	Note Issuance of March 1, 2004			
	Interest	Principal	Interest	Total
2006	1.75%	\$ 110,000	\$ 33,413	\$ 143,413
2007	2.15	110,000	31,488	141,488
2008	2.50	115,000	29,123	144,123
2009	2.75	120,000	26,248	146,248
2010-2013	3.00-3.60	525,000	67,758	592,758
2014-2017	3.75	145,000	5,438	150,438
Total		\$ 1,125,000	\$ 193,468	\$ 1,318,468

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Bonds Payable:

The College has issued bonds for the construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2005 bonded indebtedness are as follows:

Bond Issuance of April 1, 1997				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2006	6.00%	\$ 175,000	\$ 176,400	\$ 351,400
2007	6.00	185,000	165,900	350,900
2008	6.00	195,000	154,800	349,800
2009	6.00	210,000	143,100	353,100
2010-2013	6.00	960,000	439,500	1,399,500
2014-2017	6.00	1,215,000	114,300	1,329,300
Less: discount on bonds		(24,392)	-	(24,392)
Total		\$ 2,915,608	\$ 1,194,000	\$ 4,109,608

Bond Issuance of July 1, 1998				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2006	4.85%	\$ 55,000	\$ 52,803	\$ 107,803
2007	4.95	60,000	50,135	110,135
2008	5.00	60,000	47,165	107,165
2009	5.10	65,000	44,165	109,165
2010-2013	5.10-5.45	295,000	141,473	436,473
2014-2018	5.45	465,000	78,480	543,480
Total		\$ 1,000,000	\$ 414,221	\$ 1,414,221

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Bonds Payable (Continued):

Bond Issuance of July 1, 1999				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2006	4.60%	\$ 100,000	\$ 113,273	\$ 213,273
2007	4.60	105,000	108,773	213,773
2008	4.70	115,000	103,943	218,943
2009	4.80	120,000	98,538	218,538
2010-2013	5.00-5.95	540,000	332,220	872,220
2014-2018	5.95	875,000	223,125	1,098,125
2019	5.95	205,000	12,198	217,198
Total		\$ 2,060,000	\$ 992,070	\$ 3,052,070

Bond Issuance of September 1, 2003				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2006	2.65	\$ 40,000	\$ 49,013	\$ 89,013
2007	3.05	40,000	47,953	87,953
2008	3.40	45,000	46,733	91,733
2009	3.60	45,000	45,203	90,203
2010-2013	3.80-4.35	270,000	161,630	431,630
2014-2018	4.50-5.10	535,000	114,953	649,953
2019	5.20	125,000	6,500	131,500
Total		\$ 1,100,000	\$ 471,985	\$ 1,571,985

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Bonds Payable (Continued):

Year Ending June 30,	Bond Issuance of August 1, 2004			
	Interest	Principal	Interest	Total
2006	2.70%	\$ 50,000	\$ 90,985	\$ 140,985
2007	3.05	50,000	89,635	139,635
2008	3.30	55,000	88,110	143,110
2009	3.55	55,000	86,295	141,295
2010-2019	3.75-5.10	1,555,000	600,735	2,155,735
2020	3.75	235,000	12,220	247,220
Total		\$ 2,000,000	\$ 967,980	\$ 2,967,980

Note 6. Operating Leases

The College has leased various facilities and equipment. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. The leases expire between 2006 and 2011 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2005:

Year Ending June 30	Amount
2006	\$ 174,974
2007	120,472
2008	107,485
2009	48,400
2010	30,635
Thereafter	61,271
Total	\$ 543,237

Rents for the year ended June 30, 2005 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$223,303.

NOTES TO FINANCIAL STATEMENTS

Note 7. Iowa Public Employees Retirement System (IPERS)

The College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the College is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$457,582, \$464,886, and \$456,315, respectively, equal to the required contributions for each year.

Note 8. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% and the College is required to contribute 5.75%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2005 were \$255,456 and \$164,381, respectively.

Note 9. New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area V in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College administered eighty-three projects with eighteen currently receiving project funding. Thirty of the remaining projects have been completed and only repayment of the certificates is left. The remaining thirty-five projects have been completed and the certificates have been paid. In cases where projects exceed the budgeted amounts, the college intends to obtain additional withholding revenue from the companies.

NOTES TO FINANCIAL STATEMENTS

Note 10. Early Retirement and Contingent Liability

Full-time and certain part-time staff who are between the ages of 55 and 65 and who have at least 10 years of continuous service with the College are eligible for early retirement remuneration. Early retirement begins at the end of the employee's contract. A staff member who accepts early retirement will receive cash benefits on September 15 and March 15 of the following fiscal year.

Of the employees who have elected early retirement as of June 30, 2005, ten were entitled to be paid cash benefits. As a result, the liability at June 30, 2005 for those employees who have elected early retirement was \$590,066. Early retirement liability is recorded in the General Restricted Fund, the fund from which benefits are paid. The Community College's early retirement expenses for the year ended June 30, 2005 were \$966,557.

Note 11. Risk Management

Iowa Central Community College carries commercial insurance purchased from insurers for coverage associated with torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12. Deficit Fund Balance

The College has a deficit balance in the funds as listed below as of June 30, 2005. Management believes that future transfers from unrestricted current funds will eliminate these deficit balances.

Unrestricted Fund:	
Career Education	\$ (51,695)
Restricted Fund:	
Early Retirement	(405,692)
Workforce Investment Act	(41,127)
Miscellaneous	(151,114)
Scholarships and grants	(696)

Note 13. Construction Commitment

Contracts:

The College has entered into a contract totaling \$1,769,420 for the construction of a parking ramp. As of June 30, 2005, \$916,712 had been incurred against the contract.

The College entered into a contract totaling \$1,825,395 for construction of the Workforce Center. As of June 30, 2005, \$1,819,364 had been incurred against the contract.

NOTES TO FINANCIAL STATEMENTS

Note 14. Self-Insurance Program

Effective July 1, 2000, the College has a self-insurance program for hospitalization and medical coverage for its employees. The College limits its losses through the use of stop-loss policies from insurers. Specific individual losses for claims are limited to \$75,000 per year. The College's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and was limited to \$2,449,197 as of June 30, 2005. For June 30, 2005, the College paid \$1,566,906 under the program.

REQUIRED SUPPLEMENTARY INFORMATION

IOWA CENTRAL COMMUNITY COLLEGE

BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -

BUDGET AND ACTUAL

Required Supplementary Information

Year Ended June 30, 2005

Funds/Levy	Original Budget	Amended Budget	Actual	Variance Between Actual and Amended Budget
Unrestricted	\$ 20,750,000	\$ 20,750,000	\$ 21,060,118	\$ (310,118)
Restricted	8,223,000	8,223,000	4,545,886	3,677,114
Unemployment	64,000	64,000	39,131	24,869
Tort liability	240,000	240,000	257,052	(17,052)
Insurance	190,000	190,000	232,305	(42,305)
Early retirement	900,000	900,000	966,557	(66,557)
Equipment replacement	150,000	150,000	148,656	1,344
Total restricted	9,767,000	9,767,000	6,189,587	3,577,413
Plant	4,112,500	6,612,500	5,788,951	823,549
Total	\$ 34,629,500	\$ 37,129,500	\$ 33,038,656	\$ 4,090,844

See accompanying Independent Auditor's Report.

IOWA CENTRAL COMMUNITY COLLEGE

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING **June 30, 2005**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U. S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Improvement Act Accounts, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

SUPPLEMENTARY INFORMATION

IOWA CENTRAL COMMUNITY COLLEGE**BALANCE SHEET - ALL FUNDS****June 30, 2005**

Assets	Current Funds		Loan
	Unrestricted	Restricted	Funds
Cash and pooled investments	\$ 2,332,959	\$ 8,986,013	\$ 3,620
Receivables:			
Accounts	708,021	66,531	-
Property tax:			
Succeeding year	1,013,304	2,307,331	-
Iowa Industrial New Jobs			
Training Program	-	4,374,717	-
Due from other funds	3,533,404	1,447	-
Due from Iowa Central Community College Foundation	188,093	-	-
Due from other governments	169,530	272,616	-
Inventories	497,251	-	-
Prepaid expenses	126,353	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation	-	-	-
Total assets	\$ 8,568,915	\$ 16,008,655	\$ 3,620

See accompanying Independent Auditor's Report.

Schedule 1

Plant Funds					
Unexpended	Investment in Plant	Agency Funds	Adjustments	Total	
\$ 245	\$ -	\$ 380,555	\$ -	\$ 11,703,392	
-	-	-	-	774,552	
1,013,304	-	-	-	4,333,939	
-	-	-	-	4,374,717	
-	-	453,421	(3,988,272)	-	
-	-	-	-	188,093	
620,206	-	50,294	-	1,112,646	
-	-	-	-	497,251	
-	-	-	-	126,353	
-	1,082,616	-	-	1,082,616	
-	29,561,963	-	-	29,561,963	
-	2,120,692	-	-	2,120,692	
-	2,402,440	-	-	2,402,440	
-	5,470,566	-	-	5,470,566	
-	-	-	(12,511,887)	(12,511,887)	

\$ 1,633,755	\$ 40,638,277	\$ 884,270	\$ (16,500,159)	\$ 51,237,333
--------------	---------------	------------	-----------------	---------------

IOWA CENTRAL COMMUNITY COLLEGE

BALANCE SHEET - ALL FUNDS

June 30, 2005

Liabilities and Fund Balances	Current Funds		Loan Funds
	Unrestricted	Restricted	
Liabilities:			
Accounts payable	\$ 395,675	\$ 41,156	\$ -
Salaries and benefits payable	629,241	590,066	-
Interest payable	46,652	44,609	-
Due to other funds	2,499,544	876,166	-
Deferred revenue:			
Succeeding year property tax	1,013,304	2,307,331	-
Other	-	2,929,457	-
Compensated absences	256,165	-	-
Deposits held in custody for others	-	-	-
Certificates payable	-	8,825,000	-
Capital loan notes payable	-	-	-
Bonds payable	-	-	-
Total liabilities	4,840,581	15,613,785	-
Fund balances:			
Invested in capital assets, net of related debt	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	(696)	-
Loans	-	-	3,620
Cash reserve	-	319,603	-
Other	-	75,963	-
Unrestricted	1,227,217	-	-
Auxiliary enterprises	2,501,117	-	-
Total fund balances	3,728,334	394,870	3,620
Total liabilities and fund balances	\$ 8,568,915	\$ 16,008,655	\$ 3,620

See accompanying Independent Auditor's Report.

**Schedule 1
(Continued)**

Plant Funds		Agency Funds	Adjustments	Total
Unexpended	Investment in Plant			
\$ -	\$ -	\$ -	\$ -	\$ 436,831
-	-	-	-	1,219,307
-	-	-	-	91,261
612,562	-	-	(3,988,272)	-
1,013,304	-	-	-	4,333,939
-	-	-	-	2,929,457
-	-	-	-	256,165
-	-	884,270	-	884,270
-	-	-	-	8,825,000
-	5,560,000	-	-	5,560,000
-	9,075,608	-	-	9,075,608
1,625,866	14,635,608	884,270	(3,988,272)	33,611,838
-	26,002,669	-	(12,511,887)	13,490,782
-	-	-	-	(696)
-	-	-	-	3,620
-	-	-	-	319,603
-	-	-	-	75,963
7,889	-	-	-	1,235,106
-	-	-	-	2,501,117
7,889	26,002,669	-	(12,511,887)	17,625,495
\$ 1,633,755	\$ 40,638,277	\$ 884,270	\$ (16,500,159)	\$ 51,237,333

IOWA CENTRAL COMMUNITY COLLEGE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL FUNDS**

Year Ended June 30, 2005

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 7,499,287	\$ 937,133	\$ -
Tuition and fees	11,194,233	-	-
Property tax	1,003,712	1,709,335	-
Federal appropriations	642,026	5,045,298	-
Sales and services	483,089	551,135	-
Interest on investments	159,711	243,792	-
Iowa Industrial New Jobs Training Program	-	2,446,804	-
Increase in plant investment due to plant expenditures	-	-	-
Miscellaneous	203,908	4,891	-
	<u>21,185,966</u>	<u>10,938,388</u>	<u>-</u>
 Auxiliary enterprises:			
Tuition and fees	29,690	-	-
Sales and services	6,976,926	-	-
Miscellaneous	-	-	-
	<u>7,006,616</u>	<u>-</u>	<u>-</u>
 Total revenues	<u><u>\$ 28,192,582</u></u>	<u><u>\$ 10,938,388</u></u>	<u><u>\$ -</u></u>
 Expenditures:			
Education and support:			
Liberal arts and science	\$ 4,302,081	\$ -	\$ -
Vocational technical	4,069,473	409,804	-
Adult education	2,031,859	259,211	-
Cooperative services	983,290	2,446,804	-
Administration	1,141,761	127,218	-
Student services	3,110,119	-	-
Learning resources	327,582	-	-
Physical plant	2,512,436	232,305	-
General institution	2,581,517	2,714,245	-
Total education and support	<u>21,060,118</u>	<u>6,189,587</u>	<u>-</u>

Schedule 2

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ -	\$ 8,436,420
-	-	(1,865,377)	9,328,856
1,003,712	-	-	3,716,759
733,370	-	-	6,420,694
-	-	(45,630)	988,594
30,093	-	-	433,596
-	-	-	2,446,804
-	4,853,267	(4,853,267)	-
-	-	-	208,799
1,767,175	4,853,267	(6,764,274)	31,980,522
-	-	-	29,690
-	-	(596,752)	6,380,174
-	-	-	-
-	-	(596,752)	6,409,864
\$ 1,767,175	\$ 4,853,267	\$ (7,361,026)	\$ 38,390,386

\$ -	\$ -	\$ (919)	\$ 4,301,162
-	-	(1,451,583)	3,027,694
-	-	(1,393)	2,289,677
-	-	(624,748)	2,805,346
-	-	(142)	1,268,837
-	-	(2,800)	3,107,319
-	-	-	327,582
-	-	(530)	2,744,211
-	-	(49,315)	5,246,447
-	-	(2,131,430)	25,118,275

IOWA CENTRAL COMMUNITY COLLEGE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL FUNDS
Year Ended June 30, 2005**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
Expenditures (Continued):			
Auxiliary enterprises	\$ 5,539,102	\$ -	\$ -
Scholarships and grants	-	4,174,065	-
Workforce Investment Act	-	420,187	-
Administrative and collection costs	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Depreciation	-	-	-
Loss on sale of capital assets	-	-	-
Interest on indebtedness	-	-	-
Total expenditures	26,599,220	10,783,839	-
Excess (deficiency) of revenues over (under) expenditures	1,593,362	154,549	-
Transfers:			
Mandatory transfers	-	-	-
Non-mandatory transfers	(641,276)	(598,724)	-
Total transfers	(641,276)	(598,724)	-
Net	952,086	(444,175)	-
 Fund balances beginning of year	 2,776,248	 839,045	 3,620
Fund balances end of year	\$ 3,728,334	\$ 394,870	\$ 3,620

See accompanying Independent Auditor's Report.

**Schedule 2
(Continued)**

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ (659,327)	\$ 4,879,775
-	-	(2,408,445)	1,765,620
-	-	-	420,187
2,041,631	-	-	2,041,631
3,393,377	-	(3,393,377)	-
-	353,943	(353,943)	-
-	-	1,088,039	1,088,039
-	-	92,913	92,913
-	-	1,231,553	1,231,553
5,435,008	353,943	(6,534,017)	36,637,993
(3,667,833)	4,499,324	(827,009)	1,752,393
-	-	-	-
2,388,587	(1,148,587)	-	-
2,388,587	(1,148,587)	-	-
(1,279,246)	3,350,737	(827,009)	1,752,393
1,287,135	22,651,932	(11,684,878)	15,873,102
\$ 7,889	\$ 26,002,669	\$ (12,511,887)	\$ 17,625,495

IOWA CENTRAL COMMUNITY COLLEGE**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION AND SUPPORT
Year Ended June 30, 2005**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 3,907,128	\$ 1,739,832	\$ 1,852,327	\$ -
Tuition and fees	5,956,536	2,620,204	1,677,145	760,448
Property tax	-	-	-	-
Federal appropriations	-	293,882	226,497	89,450
Sales and services	2,110	(53,878)	110,813	-
Interest on investments	-	-	-	-
Miscellaneous	-	68,708	95,049	-
	9,865,774	4,668,748	3,961,831	849,898
Allocation of support services	919,858	515,120	386,340	18,397
Total revenues	10,785,632	5,183,868	4,348,171	868,295
Expenditures:				
Salaries and benefits	3,986,220	3,546,896	1,536,052	612,371
Services	268,901	94,307	381,206	168,660
Materials and supplies	39,886	390,434	81,139	65,617
Travel	7,074	31,841	32,023	3,074
Plant asset acquisitions	-	5,995	-	-
Loan cancellation and bad debts	-	-	-	245
Private scholarships	-	-	-	131,759
Miscellaneous	-	-	1,439	1,564
	4,302,081	4,069,473	2,031,859	983,290
Allocation of support services	4,836,708	2,708,556	2,031,417	96,734
Total expenditures	9,138,789	6,778,029	4,063,276	1,080,024

Schedule 3

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,499,287
-	54,243	-	-	125,657	11,194,233
1,003,712	-	-	-	-	1,003,712
-	32,197	-	-	-	642,026
-	6,635	626	122,544	294,239	483,089
159,711	-	-	-	-	159,711
39,250	20	881	-	-	203,908
1,202,673	93,095	1,507	122,544	419,896	21,185,966
(1,202,673)	(93,095)	(1,507)	(122,544)	(419,896)	-
-	-	-	-	-	21,185,966
609,023	2,274,417	213,298	951,796	1,174,475	14,904,548
224,081	273,103	11,282	566,812	961,772	2,950,124
12,829	59,213	101,252	776,528	300,687	1,827,585
27,749	25,533	1,750	1,031	64,550	194,625
-	-	-	216,269	-	222,264
266,380	-	-	-	-	266,625
-	-	-	-	-	131,759
1,699	477,853	-	-	80,033	562,588
1,141,761	3,110,119	327,582	2,512,436	2,581,517	21,060,118
(1,141,761)	(3,110,119)	(327,582)	(2,512,436)	(2,581,517)	-
-	-	-	-	-	21,060,118

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION AND SUPPORT
Year Ended June 30, 2005**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Excess (deficiency) of revenues over (under) expenditures	\$ 1,646,843	\$ (1,594,161)	\$ 284,895	\$ (211,729)
Transfers:				
Mandatory transfers	-	-	-	-
Non-mandatory transfers	(776)	(93,558)	-	-
Total transfers	(776)	(93,558)	-	-
Net	\$ 1,646,067	\$ (1,687,719)	\$ 284,895	\$ (211,729)
Fund balance beginning of year				
Fund balance end of year				

See accompanying Independent Auditor's Report.

**Schedule 3
(Continued)**

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,848
-	-	-	-	-	-
-	-	-	-	165,000	70,666
-	-	-	-	165,000	70,666
\$ -	\$ -	\$ -	\$ -	\$ 165,000	196,514
					<u>1,030,703</u>
					<u>\$ 1,227,217</u>

IOWA CENTRAL COMMUNITY COLLEGE

**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
AUXILIARY ENTERPRISES
Year Ended June 30, 2005**

	Bookstore	Career Education	Child Care	Self- Insurance Program
Revenues:				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Sales and services	2,095,546	41,639	-	2,307,205
Miscellaneous	-	-	-	-
Total revenues	2,095,546	41,639	-	2,307,205
Expenditures:				
Salaries and benefits	98,579	5,240	-	-
Services	244,558	11,746	-	1,815,452
Materials and supplies	4,886	12,001	-	-
Travel	-	-	-	-
Plant asset acquisitions	-	-	-	-
Interest on indebtedness	-	-	-	-
Cost of goods sold	1,307,558	-	-	-
Miscellaneous	-	228,083	-	-
Total expenditures	1,655,581	257,070	-	1,815,452
Excess of revenues over expenditures	439,965	(215,431)	-	491,753
Transfers:				
Non-mandatory transfers	(350,657)	178,715	-	-
Net	89,308	(36,716)	-	491,753
Fund balances beginning of year	526,836	(14,979)	48	927,839
Fund balances end of year	<u>\$ 616,144</u>	<u>\$ (51,695)</u>	<u>\$ 48</u>	<u>\$ 1,419,592</u>

See accompanying Independent Auditor's Report.

Schedule 4

Dormitories	Baseball Complex	Total
\$ 29,690	\$ -	\$ 29,690
2,532,536	-	6,976,926
-	-	-
<u>2,562,226</u>	<u>-</u>	<u>7,006,616</u>
136,010	-	239,829
913,212	-	2,984,968
145,006	-	161,893
15	-	15
-	-	-
613,697	-	613,697
-	-	1,307,558
3,059	-	231,142
<u>1,810,999</u>	<u>-</u>	<u>5,539,102</u>
751,227	-	1,467,514
<u>(540,000)</u>	<u>-</u>	<u>(711,942)</u>
211,227	-	755,572
<u>305,660</u>	<u>141</u>	<u>1,745,545</u>
<u>\$ 516,887</u>	<u>\$ 141</u>	<u>\$ 2,501,117</u>

IOWA CENTRAL COMMUNITY COLLEGE

**RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2005**

	Scholarships and Grants	Equipment Replacement	Insurance
Revenues:			
State appropriations	\$ 273,639	\$ -	\$ -
Property tax	-	148,656	200,364
Federal appropriations	3,733,548	-	-
Sales and services	-	-	-
Interest on investments	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	4,891	-	-
Total revenues	4,012,078	148,656	200,364
Expenditures:			
Salaries and benefits	-	-	-
Services	-	-	232,305
Materials and supplies	-	91,872	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Federal Pell Grant program	3,600,784	-	-
Federal Supplemental Educational □ Opportunit	132,765	-	-
Iowa College Student Aid Commission	273,639	-	-
Remittance to State Treasury	-	-	-
Miscellaneous	166,877	56,784	-
Total expenditures	4,174,065	148,656	232,305

Early Retirement		Unemployment Compensation		Cash Reserve		Tort Liability		Workforce Investment Act		Iowa Industrial New Jobs Training Program	
\$	-	\$	-	\$	-	\$	-	\$	2,009	\$	-
	966,572		85,175		-		308,568		-		-
	-		-		-		-		418,178		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		2,446,804
	-		-		-		-		-		-
	966,572		85,175		-		308,568		420,187		2,446,804
	966,557		39,131		-		257,052		234,339		-
	-		-		-		-		116,722		1,828,948
	-		-		-		-		23,815		-
	-		-		-		-		6,439		-
	-		-		-		-		-		617,856
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		649		-
	-		-		-		-		38,223		-
	966,557		39,131		-		257,052		420,187		2,446,804

(Continued on next page)

Schedule 5

Miscellaneous	Total
\$ 661,485	\$ 937,133
-	1,709,335
893,572	5,045,298
551,135	551,135
243,792	243,792
-	2,446,804
-	4,891
<u>2,349,984</u>	<u>10,938,388</u>

1,348,703	2,845,782
513,150	2,691,125
160,576	276,263
33,637	40,076
-	617,856
-	3,600,784
-	132,765
-	273,639
-	649
<u>43,016</u>	<u>304,900</u>
<u>2,099,082</u>	<u>10,783,839</u>

IOWA CENTRAL COMMUNITY COLLEGE

**RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2005**

	Scholarships and Grants	Equipment Replacement	Insurance
Excess (deficiency) of revenues	\$ (161,987)	\$ -	\$ (31,941)
Transfers:			
Non-mandatory transfers	131,276	-	-
Net	(30,711)	-	(31,941)
Fund balance beginning of year	30,015	-	187,243
Fund balance end of year	<u>\$ (696)</u>	<u>\$ -</u>	<u>\$ 155,302</u>

See accompanying Independent Auditor's Report.

						Iowa Industrial New Jobs Training Program
Early Retirement	Unemployment Compensation	Cash Reserve	Tort Liability	Workforce Investment Act		
\$ 15	\$ 46,044	\$ -	\$ 51,516	\$ -	\$ -	
-	-	-	-	-	-	
15	46,044	-	51,516	-	-	
(405,707)	(15,454)	319,603	166,020	(41,127)	270,468	
<u>\$ (405,692)</u>	<u>\$ 30,590</u>	<u>\$ 319,603</u>	<u>\$ 217,536</u>	<u>\$ (41,127)</u>	<u>\$ 270,468</u>	

**Schedule 5
(Continued)**

Miscellaneous	Total
\$ 250,902	\$ 154,549
<hr/> (730,000)	<hr/> (598,724)
(479,098)	(444,175)
<hr/> 327,984	<hr/> 839,045
<hr/> \$ (151,114)	<hr/> \$ 394,870

AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSITS
HELD IN CUSTODY FOR OTHERS
Year Ended June 30, 2005

	Athletics and Student Organizations	Retraining Program	Miscellaneous	Total
Balances beginning of year	\$ 4,757	\$ 330,593	\$ 509,353	\$ 844,703
Additions:				
State appropriations	-	117,637	-	117,637
Tuition and fees	97,438	-	410,583	508,021
Sales and services	105,601	-	103,774	209,375
Interest on investments	-	6,555	11,116	17,671
Miscellaneous	819,378	-	78,715	898,093
Total additions	1,022,417	124,192	604,188	1,750,797
Deductions:				
Services	152,865	209,233	68,742	430,840
Materials and supplies	289,939	-	88,178	378,117
Travel	221,932	-	22,631	244,563
Scholarships	289,482	-	21,153	310,635
Miscellaneous	71,195	-	275,880	347,075
Total deductions	1,025,413	209,233	476,584	1,711,230
Balances end of year	\$ 1,761	\$ 245,552	\$ 636,957	\$ 884,270

See accompanying Independent Auditor's Report.

IOWA CENTRAL COMMUNITY COLLEGE

SCHEDULE OF CREDIT AND CONTACT HOURS

Year Ended June 30, 2005

Category	Credit Hours		Total
	Eligible for Aid	Not Eligible for Aid	
Arts and Sciences	73,741	-	73,741
Vocational Education	28,859	-	28,859
Adult Education/Continuing Education	-	-	-
Cooperative Programs/Services	-	-	-
Related Services and Activities	-	-	-
	102,600	-	102,600

Schedule 7

Contact Hours		
Eligible for Aid	Not Eligible for Aid	Total
1,479,978	-	1,479,978
830,848	-	830,848
413,014	202,681	615,695
-	19,653	19,653
-	-	-
2,723,840	222,334	2,946,174

SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES
For the Last Four Years

	Years Ended June 30,			
	2005	2004	2003	2002
Local (property tax)	\$ 3,716,759	\$ 3,667,753	\$ 3,690,385	\$ 3,244,893
State	8,436,420	8,146,823	8,031,162	8,951,614
Federal	6,420,694	6,253,707	5,763,056	4,866,529
Total	\$ 18,573,873	\$ 18,068,283	\$ 17,484,603	\$ 17,063,036

See accompanying Independent Auditor's Report.

**SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
For the Last Four Years**

	Years Ended June 30,			
	2005	2004	2003	2002
Revenues:				
State appropriations	\$ 8,436,420	\$ 8,146,823	\$ 8,031,162	\$ 8,295,637
Tuition and fees	11,194,233	10,094,979	9,468,100	8,299,631
Property tax	2,713,047	2,478,962	2,516,079	2,074,461
Federal appropriations	5,687,324	6,253,707	5,763,056	4,866,529
Sales and services	1,034,224	1,120,455	795,362	1,082,770
Interest on investments	403,503	203,617	233,853	295,119
Iowa Industrial New Jobs Training Program	2,446,804	2,178,176	1,589,859	1,605,970
Auxiliary enterprises	7,006,616	6,591,754	6,084,478	5,591,607
Miscellaneous	208,799	123,583	194,835	191,061
Total	\$ 39,130,970	\$ 37,192,056	\$ 34,676,784	\$ 32,302,785
Expenditures:				
Liberal arts and sciences	\$ 4,302,081	\$ 4,239,682	\$ 4,150,928	\$ 4,113,994
Vocational technical	4,479,277	4,534,697	4,508,996	3,670,346
Adult education	2,291,070	2,263,284	2,087,055	2,077,024
Cooperative services	3,430,094	2,994,983	2,407,870	2,294,973
Administration	1,268,979	1,328,303	1,153,428	1,611,537
Student services	3,110,119	2,927,490	2,795,901	2,314,860
Learning resources	327,582	313,242	322,655	272,675
Physical plant	2,744,741	2,355,202	2,129,556	2,181,347
General institution	5,295,762	5,099,828	3,450,649	3,535,098
Auxiliary enterprises	5,539,102	5,905,512	5,348,539	4,719,632
Scholarships and grants	4,174,065	4,347,639	4,338,161	3,763,904
Workforce Investment Act	420,187	545,466	743,400	574,323
Total	\$ 37,383,059	\$ 36,855,328	\$ 33,437,138	\$ 31,129,713

See accompanying Independent Auditor's Report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Education:				
Student Financial Aid - cluster:				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 89,015	\$ -
Federal Family Education Loans	84.032		-	7,297,438
Federal Work-Study Program (FWS)	84.033		157,622	-
Federal Pell Grant Program	84.063		3,600,278	-
			<u>3,846,915</u>	<u>7,297,438</u>
TRIO Student Support Services	84.042A		<u>219,393</u>	<u>-</u>
Directed Grants Program	84.116Z		<u>121,886</u>	<u>-</u>
Title III	84.031A		<u>94,179</u>	<u>-</u>
U.S. Department of Justice:				
Homeland Security	16.614		<u>273,964</u>	<u>-</u>
Total direct			<u>4,556,337</u>	<u>7,297,438</u>
Indirect:				
U.S. Department of Labor:				
Indirect through Iowa Workforce Development:				
WIA-Adult Program	17.258		<u>74,093</u>	<u>-</u>
WIA-Youth Activities	17.259		<u>92,602</u>	<u>-</u>
WIA-Dislocated Workers	17.260		<u>102,116</u>	<u>-</u>
Employment Service	17.207		<u>13,145</u>	<u>-</u>

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

Schedule 10
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (Continued):				
U.S. Department of Labor (Continued):				
Indirect through Iowa Workforce Development (Continued):				
Unemployment Insurance	17.225		16,618	-
Disabled Veterans' Outreach Program (DVOP)	17.801		3,020	-
Indirect through Iowa Department of Education:				
Mine Health & Safety Grants	17.600		5,213	-
U.S. Department of Education:				
Indirect through the Iowa Department of Education:				
Adult Education - State Grant Program	84.002		226,021	-
Tech-Prep Education	84.243		87,746	-
Vocational Education - Basic Grant to States:				
Title II-B Program Improvement	84.048A		383,332	-
Indirect through the Iowa Department of Corrections:				
Title I - Corrections	84.013A		42,000	-
Indirect through Iowa Workforce Development:				
Job Opportunities and Basic Skills Training:	93.558		85,082	-

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

Schedule 10
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (Continued):				
U.S. Department of Transportation:				
Indirect through the City of Fort Dodge,				
Iowa:				
Federal Transit Capital Investment Grant	20.500		\$ 733,369	\$ -
Total indirect			1,864,357	-
Total			\$ 6,420,694	\$ 7,297,438

See accompanying Independent Auditor's Report.

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Central Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

IOWA CENTRAL COMMUNITY COLLEGE



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2005, which collectively comprise the College's basic financial statements listed in the table of contents and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Central Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Iowa Central Community College's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Central Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 28, 2005



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa

Compliance

We have audited the compliance of Iowa Central Community College, Fort Dodge, Iowa, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Iowa Central Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on Iowa Central Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Central Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Central Community College's compliance with those requirements.

In our opinion, Iowa Central Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Iowa Central Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Central Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted no matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Iowa Central Community College's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters including the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 28, 2005

**IOWA CENTRAL COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005**

Part I: Summary of the Independent Auditor's Results

- (A) An unqualified opinion was issued on the financial statements.
- (B) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were material weaknesses.
- (C) The audit did not disclose any noncompliance which is material to the financial statements.
- (D) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
 - Student Financial Aid - Cluster:
 - CFDA Number 84.007 - Federal Supplemental Educational Opportunity Grants
 - CFDA Number 84.033 - Federal Work-Study Program
 - CFDA Number 84.063 - Federal Pell Grant Program
 - CFDA Number 84.032 - Federal Family Education Loans
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) Iowa Central Community College qualified as a low-risk auditee.

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- II-A-05 Satellite Campus Receipt Controls - An important aspect of internal control is the segregation of duties among employees so that the activities of one employee act as a check on those of another. No employee should be responsible for an entire transaction cycle.

The Community College's satellite campuses collect receipts for tuition and fees, book sales and miscellaneous revenues. Due to the limited number of staff at each center, receipts may be collected, recorded and deposited by the same individual.

While it is recognized that many methods of achieving good internal control are not adaptable to a small staff, some degree of effective control may always be obtained by appropriate organization or strengthening supervisory control procedures.

Recommendation - The Community College should review procedures in an effort to improve supervisory control over satellite campus receipts.

Response - Every effort is made to maintain efficient controls and still be cost effective at the satellite centers. Since June, 1993, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Webster City Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge. Since June, 1994, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Eagle Grove Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge. Since May, 1996, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Storm Lake Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge.

Discussion and review of receipting procedures take place periodically with supervisory staff at the centers.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE AND REPORTABLE CONDITIONS:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-05 Official Depositories - Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- IV-B-05 Certified Budget - Expenditures for the year ended June 30, 2005 did not exceed the amounts budgeted.
- IV-C-05 Questionable Expenditures - No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-05 Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- IV-E-05 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-F-05 Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-05 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-05 Publication - The Community College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-I-05 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- IV-J-05 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 28, 2005

